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School Property Tax Control Board February 19, 2004 Meeting Minutes

The monthly meeting of the School Property Tax Control Board was held on February 19, 2004. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Present for the meeting was Patty Bond, Carlyn Johnson, Chuck Nemeth, Joe Bronnert, Melissa Henson and Teresa Hemmerle, Administrative Officer.

Minutes and Discussion: Election of officers and December 2, 2003 meeting minutes.

Ms. Henson made a motion to elect Ms. Bond as Chairperson, Ms. Johnson as Vice-Chairperson and Ms. Hemmerle as Secretary. Mr. Nemeth seconded the motion, which favorably carried 5-0.

The December 2, 2003 meeting minutes will be addressed at the March 18, 2004 control board meeting.

Eastern Hancock Community School Corporation, Hancock County: Officials requested approval of a pension bond issue in the aggregate principal amount of \$1,050,000. The tax rate impact of the bond issue is \$0.0523. The term of the bond is 10 years.

Present for the hearing was Ellen Welk, Superintendent; John Davis, School Attorney; Tom Grabill and Nate Day, Educational Services and Jane Herndon and Jim Shanahan, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. School officials have been working on this issue since the spring of 2001. An agreement has been reached with teachers that will place hires after June 30, 2001 on the new plan. Officials began public discussions on pension bond and neutrality issues in December 2002. It was determined last fall that \$1,050,000 was a sufficient amount to cover the liability. The majority of the liability from the Special Education Cooperative will also be covered with this bond issue.

Ms. Bond asked about the terms of the repayment. The Superintendent said it would be a 10-year repayment with a \$0.05 tax rate impact.

Ms. Johnson questioned the difference with the pension costs listed on the hearing information sheet and the forecasted liability. Ms. Johnson thought they be the same. Ms. Herndon explained the forecasted liability is a gross value assumes everyone eligible would retire. The present value is the amount needed to invest now to cover the future liability. The third figure represents what is needed after negotiations with teachers are completed.

Ms. Henson asked if a neutrality resolution had been passed. Ms. Herndon said one was provided prior to the control board meeting.

Motion: Mr. Nemeth made a motion to approve a pension bond issue in the aggregate principal amount of \$1,050,000 for a term of 10 years. Ms. Johnson seconded the motion, which favorably carried 5-0.

Southeast Fountain School Corporation, Fountain County: Officials requested approval of a lease rental agreement with maximum annual payments of \$650,000 for 22 years. Total project costs are \$3,800,000. The tax rate impact of the project is approximately \$0.08 and no new facility appeal is planned. Common construction wage information was in order. There was a petition and remonstrance drive and the results were 1,548 in favor and 571 opposed.

Present for the hearing was Dr. Debra Gilbert, Superintendent; Harry Siamas, School Attorney; Dan Mayer and Jason Jeffries, Construction Managers; Bill Cotterman and Dave Blanton, Architects; Randy Ruhl and Kelly Hull, City Securities and Jane Herndon and Jim Shanahan, Ice Miller.

Project: The following are the primary work items included in the project:

1. Correct wastewater treatment plant deficiencies or connect schools to the Veedersburg sewage treatment plant.
2. Provide new fire alarm system and proper exit lighting.
3. Replace exterior metal fire exit doors.
4. Renovate two restrooms for ADA-one at SEF and one at FC.
5. Upgrade telephone system for entire School Corporation.
6. Repair brick walls and limestone sills.
7. Replace some coping.
8. Provide walls to enclose classrooms-include walls, casework, carpet, classroom sinks, ceiling and light work only as required for walls, temperature control/diffuser work.
9. Upgrade electrical system to provide more outlets in classroom.
10. Upgrade technology system to provide more computer locations.
11. Provide water coolers.
12. Provide three additional Kindergarten classrooms.

Comments: The Superintendent spoke about the project. She became Superintendent on July 1, 2001 and immediately began discussing needs with groups throughout the school corporation. The open concept and physical condition of the middle school were problems raised by individuals several times. The Superintendent reviewed the 2002 strategic master plan prepared by an architectural firm. A committee was formed to review the plans and tour the facilities to determine building needs. Officials surveyed parents and met with the Maintenance Director. They also visited schools in other districts facing similar issues. The committee submitted their suggestions to the school board. The school board listened to several engineering firms about the proposed project. There were five public forums held at several community sites and there was overwhelming support for the project. There were a few taxpayers that were worried about the tax rate impact of the project. There were sixty people in attendance at the April 10, 2003 school

board meeting and were supportive of putting up walls at the middle school. Officials have received many letters of support from teachers, students and parents. The students have complained of the difficulty to concentrate with the open concept that currently exists. The project was cut back by the school board to reduce costs. The 1028 hearing was held with few in attendance. A remonstrance was filed by a group of five taxpayers who wanted the fire and safety issues addressed without a tax rate impact. The outcome of the petition and remonstrance process was 1,548 in favor and 571 opposed.

Mr. Bronnert asked how the classrooms would be enclosed. The construction manager replied a corridor would be constructed in the middle of the pod and rerouting of ductwork would be necessary. Mr. Bronnert asked where the addition would be constructed and the construction manager said the corridor would be extended out for three additional classrooms. Mr. Bronnert asked if the heating and cooling would be revamped with this project. The construction manager said that was already addressed a few years ago.

Mr. Nemeth asked if school officials advertised for construction managers or if they received bids. The Superintendent replied she was visited by several firms offering services since she was a new Superintendent. A firm offered to assist them in the planning phase free of charge and they will be managing this project. Mr. Nemeth asked how officials plan to offer full-day Kindergarten without additional costs. The Superintendent said enrollment is usually down compared to other grade levels. Officials feel they can accommodate all students and eliminating the transitional class will save some costs.

Ms. Henson asked what the school board vote was at the February 12, 2004 lease hearing and the Superintendent replied 4 to 0 with one member absent. Ms. Henson asked if the items eliminated from the project were due to taxpayer concerns and the Superintendent replied yes.

Motion: Mr. Bronnert made a motion to approve the lease rental agreement with maximum annual payments of \$650,000 for 22 years. Ms. Henson seconded the motion, which favorably carried 5-0.

Tippecanoe School Corporation, Tippecanoe County: Officials requested approval of a general obligation bond issue in the aggregate principal amount of \$10,000,000. The term of the bond issue is 4 years. Total project costs are \$10,000,000. The tax rate impact of the bond issue is \$0.04 and a new facility rate impact of \$0.01 expected. Common construction wage information was in order. There was a petition and remonstrance drive and the results were 4,452 in favor and 1,906 against.

Present for the hearing was Mark Miller, Assistant Superintendent; Mark DeYoung, School Attorney; Lonnie Therber, Therber & Brock and Jane Herndon and Jim Shanahan, Ice Miller.

Project: The project involves improvement and expansion of two elementary schools, Battle Ground and Hershey, and improvements to the outside athletic facilities at the Corporation's two high schools, Harrison and McCutcheon.

Funding of all the improvements will come from the proceeds of a \$10 million general obligation bond issue with approximately half of the available funds being used at Battle Ground Elementary, which will receive its first major improvement in twenty years. A 16,000 square foot addition will provide a new food service area including kitchen, dining area and storage/custodial spaces. There is no food preparation in the building at the present time. The addition will also house a new entrance, lobby and administration area.

The existing dining/multipurpose room will be converted into a large group instruction, multipurpose area. Some existing classrooms will be lost in the new construction; however, the existing administrative area will become classrooms resulting in no change in the overall number of classrooms.

At Hershey Elementary, the improvements include a 5,700 square foot addition to expand the media center and minor remodeling, mainly involving HVAC systems, in only part of the existing building. The building now has the smallest media center of all nine elementary schools the Corporation operates.

Athletic facilities at each of the Corporation's two high schools will be upgraded with the funds remaining after the needs of the two elementary schools are met.

Plans for Harrison High School include construction of a freestanding locker room facility of approximately 4,800 square feet for boys and girls soccer in the fall and baseball and softball in the spring. Also included is improving the existing football and track locker room facility.

At McCutcheon High School, two locker rooms are planned. One will be for soccer and softball, and the other for baseball. A concession stand and press box could be part of the baseball facility.

Comments: The Assistant Superintendent spoke about the project. The request is for a \$10 million general obligation bond issue to address facility needs identified in early 2003. The needs assessment exceeded \$10 million, but the school board chose the limit the tax rate impact of the project to \$0.2250. The 1028 hearing was held in August 2003 and taxpayers who have opposed all building projects over the past several years filed a remonstrance. The outcome of the petition and remonstrance process was 4,452 in favor and 1,906 opposed.

The Assistant Superintendent continued by explaining the projects at each facility. Battle Ground Elementary School is the smallest elementary school in the district and has not been renovated since 1980. There is currently no hot lunches prepared at this facility, but is brought in from another building. The Student Service office is too small and will be expanded. A new cafeteria will be added and the current cafeteria will be renovated into office space and a large group instruction area. They will add approximately 16,000 square feet to the facility and the cost of the project will be \$4.9 million at this site. Hershey Elementary School project will update the media center to an area currently used as three classrooms. There will also be an expansion of some areas. The cost of the project at this facility is \$1.1 million. The improvements to Harrison High School athletic facilities will address safety issues. There is a parity with the other high school in the district in regards to the athletic facilities. Officials

reviewed the ability to use the Capital Projects fund, which is limited in the amount that may be used for sports facilities projects. A new locker room facility will be constructed for use by several sporting events. The cost of the projects at this facility will cost approximately \$1 million. McCutcheon High School will have locker room renovations completed at a cost of \$900,000. A second-priority project at Harrison High School is to renovate the concession stand if funds remain after all other projects are completed. Officials expect bids to be received in June and to award the projects in August.

Mr. Bronnert asked about the administration area at Battle Ground Elementary School. The Assistant Superintendent said it is for the Principal and Nurse. Mr. Bronnert asked where the office would be located and the Assistant Superintendent said in the front of the facility. Mr. Bronnert asked if the project includes the HVAC at Hershey Elementary School. The Assistant Superintendent said additional units would be installed to cover the new square footage. Mr. Bronnert asked if the construction management was included in the architect fees and the Assistant Superintendent said yes.

Ms. Henson asked what the issues to the project were by taxpayers opposed to the project. The Assistant Superintendent said they do not agree with how school corporations are funded and the core remonstrators are not affiliated with the school corporation.

Ms. Henson asked if there was a pension bond issue currently outstanding. The Assistant Superintendent said that issue has been retired after a two-year repayment.

Ms. Bond asked about the increase in the ADM and the Assistant Superintendent said it was 263 students.

Motion: Ms. Henson made a motion to approve the general obligation bond issue in the aggregate principal amount of \$10,000,000 for a term of 4 years. Mr. Bronnert seconded the motion, which favorably carried 5-0.

Anderson Community School Corporation, Madison County: Officials requested approval of a lease rental agreement with maximum annual payments of \$3,523,000 for 24 years. Total project costs are \$40,000,000. The tax rate impact of the project is \$0.2010 with a new facility appeal rate impact of \$0.03 expected. The Industry Representative was opposed to the common construction wage scale that was adopted. There was no application for a petition and remonstrance process filed.

Present for the hearing was Dr. Tim Long, Superintendent; Kevin Brown, Business Manager; Sid Baker, City Securities and Thomas Peterson and Jim Shanahan, Ice Miller.

Project: The project represents a major upgrade to the aging classroom portions of the school corporation's two high school buildings. It is the first of three planned projects, which in total would result in the complete upgrading of all areas of each high school building. However, this project stands on its own and its completion is not dependent on future projects, which would extend the upgrading process to the office, athletics and auxiliary facilities in each building.

Comments: The Superintendent spoke about the project. The residents of Anderson have argued the point of the best number of high schools for the past thirty years. This project will relieve overcrowding at both high schools and leave them intact. A section of Anderson High School will be torn down due to asbestos issues and the lack of technology wiring. An addition will be made to Highland High School to replace 50 classrooms. The project will also add air conditioning to the facilities since about 20% of the school year is lost due to heat issues. The project will cost around \$40 million, with approximately \$15.6 million at each high school. They will replace some square footage at each high school. They will house 500 students at another building while the project is being completed.

Ms. Johnson asked what the Wigwam building contained. The Superintendent said it was where the old high school was that burned. They moved 110 school administrative staff to the facility.

Mr. Nemeth asked if school officials advertised for the construction manager or based their decision on past experience. The Superintendent said they have past experience with a local firm, but also interviewed other companies. They chose a firm currently managing other projects. Mr. Nemeth asked why the Industry Representative voted against the common construction wage scale. Mr. Peterson responded that two wage scales were submitted and the Industry Representative voted for the scale he submitted.

Mr. Bronnert questioned the cost per square foot at the high school of \$162. Mr. Baker said that figure includes several items. The Superintendent said that figure includes asbestos removal, demolition costs and rebuilding on the current site. Mr. Baker said the \$120 cost per square foot is more reflective of hard costs and is listed in the appendix submitted with the hearing information sheet.

Ms. Henson asked what types of items were included in the \$1 million in loose equipment. The Superintendent said it was not much to furnish 50 classrooms and includes desks, chairs and some technology equipment.

Motion: Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$3,523,000 for 24 years. Mr. Nemeth seconded the motion, which favorably carried 5-0.

Cowan Community School Corporation, Delaware County: Officials requested approval of a lease rental agreement with maximum annual payments of \$639,000 for 25 years. Total project costs are \$7,000,000. The tax rate impact of the project is \$0.4579 with a new facility appeal rate impact of \$0.0542 expected. The common construction wage information was in order. There was no application for a petition and remonstrance process filed.

Present for the hearing was Larry John, Superintendent; Colette Irwin-Knott, HJ Umbaugh; Dave Blanton and Brian McFarland, Architects; Dan Mayer and Jason Jeffries, Construction Managers; Steve Murphy, School Attorney and Thomas Peterson, Ice Miller.

Project: The project consists of improvements to Cowan Elementary School and Cowan Junior/Senior High School. The improvements at the elementary school include the replacement

of windows, doors, kitchen equipment and minor portions of the HVAC, plumbing and electrical units. Also included are technology upgrades throughout and the redesign of certain areas to make better use of space. Improvements at the high school include re-roofing approximately 60% of the building, re-finishing the gym floor and technology upgrades. The replacement of the HVAC system, including the chiller and boilers, electric units and heat pumps and control system, is also included in the improvements at the high school. The project also consists of new construction consisting of an auxiliary gymnasium and connecting corridor and a new administration area.

Comments: The Superintendent spoke about the project. They are a small school district located in southern Delaware County. There are two buildings that make up the corporation, a K-6 building and the 7-12 high school. The proposed project will involve both facilities. The high school project involves replacing the HVAC to improve temperature controls, new roof on the majority of the building, new parking and upgrade technology and the electrical system. Cowan Elementary School is a much newer facility, but needs attention. A new Latch Key area will be constructed to free up classroom space. The kitchen equipment, which is 29 years old, will be replaced. The administration area will be relocated to open up classroom space. The technology and electrical system will also be upgraded. They only have one gymnasium available for extra-curricular events, as the one at the elementary school is too small. An auxiliary gymnasium will be constructed to improve the Physical Education program and to be used as a community center. Some students are practicing at 6:00 a.m. before school due to the lack of facilities. The track will also be resurfaced in this project. A new transportation maintenance facility will be constructed to allow more on-site service work on the buses. The project has been discussed at one community meeting and several school board meetings. There was little dissension on the project, but some concerns arose on the need for an auxiliary gymnasium. There were no petitions filed opposing the project. There have been no discussions on reducing the scope of the project. School officials have applied for a Common School Fund loan and are awaiting the decision on that request.

Ms. Henson asked about the transportation facility portion of the project. The Superintendent said it would probably be an alternate bid project. Ms. Henson asked if the school transportation maximum levy was reduced due to the passage of Senate Bill 1 last fall. The Superintendent replied yes. Ms. Henson asked if they would be able to cover the operating costs on the lower levy. The Superintendent said yes since they do not expect major operating costs for the facility.

Mr. Bronnert voiced his concern of the 25-year term of the lease. He felt the equipment would not have that long of a useful life. The Superintendent said the lease term would probably be 20 years.

Ms. Bond asked if the transportation facility was on a different site away from the school buildings. The Superintendent said it would be on the same campus, but not connected physically to the other two buildings.

Mr. Nemeth asked about the costs of re-roofing. A representative from Envoy responded it would be around \$340,000. Mr. Nemeth asked how much architectural work is needed for a roofing project. The Envoy representative stated the architect provides specifications for the

project. Mr. Nemeth asked if school officials advertised for the construction manager position. The Superintendent said they interviewed three firms for the project.

Mr. Bronnert asked if the school district covers one township and the Superintendent replied yes. Mr. Bronnert asked if consolidation has been considered. The Superintendent said there have been discussions on that issue, but never seriously considered.

Motion: Ms. Henson made a motion to approve a lease rental agreement with maximum annual payments of \$639,000 for 25 years. Ms. Johnson seconded the motion, which favorably carried 4-1. Mr. Bronnert cast the dissenting vote.

Triton School Corporation, Marshall/Kosciusko County: Officials requested approval of a pension bond issue in the aggregate principal amount of \$1,400,000. The tax rate impact of the bond issue is \$0.0631. The term of the bond is 10 years. The Neutrality Resolution states the Capital Projects fund will be reduced in 2005 to offset the pension debt.

Present for the hearing was Ted Chittum, Superintendent; Steve Feldman, School Board member; Nate Day and Tom Grabill, Educational Services and Thomas Peterson and Jim Shanahan, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. The request is for a \$1.4 million pension bond issue. School officials began reviewing this problem in July 2001. They have been through two teacher negotiations since and have come to an agreement with teachers to eliminate the unfunded liability.

Mr. Nemeth asked for clarification of the change made to the hearing information sheet. Mr. Day responded the original information sheet reflected the present value as of June 30, 2002 instead of June 30, 2001.

Motion: Ms. Henson made a motion to approve the pension bond issue in the aggregate principal amount of \$1,400,000. Mr. Bronnert seconded the motion, which favorably carried 5-0.

MSD of Boone Township, Porter County: Officials requested approval of a pension bond issue in the aggregate principal amount of \$1,380,000. The tax rate impact of the bond issue is \$0.0566. The term of the bond is 19 years. The Neutrality Resolution states the Capital Projects fund will be reduced in 2005 to offset the pension debt.

Present for the hearing was Dr. George Letz, Superintendent; Curt Pletcher, HJ Umbaugh; Doug Cassman, Educational Services; Jim Shanahan and Thomas Peterson, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. School officials had appeared at the October 2003 control board meeting requesting approval of \$1 million. They have since hired a consultant to take another look at their needs. Officials have met with the teachers union and they found they needed an additional \$380,000 to cover the liability.

Officials are now requesting \$1,380,000 and teachers have agreed to the buy-out plan. The new plan would be a 401(a) or 403(b) type of plan.

Mr. Bronnert clarified that officials were at the control board in October 2003 and have withdrawn that petition. The Superintendent replied yes to both questions.

Ms. Henson asked if the school corporation is affected by the Bethlehem Steel situation and the Superintendent responded no. Ms. Henson asked about the change in assessed value due to reassessment. The Superintendent said it went from \$125 million to \$220 million. Ms. Henson asked if the pay 2003 collections are in yet. The Superintendent said they are coming in right now.

Ms. Johnson questioned the difference in the debt payment and the proposed levy listed on page four of the hearing information sheet. Mr. Pletcher stated the difference was to account for miscellaneous revenues that would also help cover the debt service payment.

Mr. Nemeth asked if the length of the debt repayment was determined by the corporation's ability to repay. Mr. Pletcher replied the term could shorten when the interest rates are known.

Motion: Ms. Johnson made a motion to approve the pension bond issue in the aggregate principal amount of \$1,380,000. Mr. Bronnert seconded the motion, which favorably carried 5-0.

Warrick County School Corporation, Warrick County: Officials requested approval of a pension bond issue in the aggregate principal amount of \$14,800,000. The tax rate impact of the bond issue is \$0.0975. The term of the bond is 10 years. The Neutrality Resolution states the Capital Projects fund will be reduced in 2005 to offset the pension debt.

Present for the hearing was Brad Schneider, Superintendent; Todd Armstrong, Director of Finance; Damian Maggos and Jim Merten, City Securities and Jim Shanahan, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. An agreement has been reached with teachers, who will vote to ratify the contract next Tuesday.

Ms. Henson asked if the school corporation was a countywide district and the Superintendent replied yes. Ms. Henson asked what the carve-out section in the agreement represented. The Superintendent said it was included for the class of teachers within ten years of retirement. Mr. Armstrong said those individuals within ten years of retirement will get a comparison statement of the old plan versus the new plan. Those individuals are guaranteed to receive at least what the old plan would have provided if more than the new plan.

Ms. Johnson questioned why officials reported a lower assessed value for 2003 pay 2004 compared to 2002 pay 2003. Mr. Armstrong noted there have been assessed value problems in the past due to Alcoa and officials were just being cautious. Ms. Henson went on to explain the effects of a new law that does not allow the County Auditor to withhold contested assessed value

as they have in the past. The effect, Ms. Henson said, could be higher assessed values being reports on the hearing information sheet.

Mr. Nemeth asked about the discount rate used and Mr. Cassman replied 2.5%. Mr. Nemeth asked why that amount was used. Mr. Cassman replied some companies doing the actuarial studies are not familiar with the limitations school corporations have on investing funds and other firms are not taking that into account. Mr. Nemeth asked if the non-certified staff has as extensive a plan as the certified staff. The Superintendent said yes, except for the bridge payments. Mr. Nemeth asked if health insurance was part of the plan and the Superintendent said no.

Motion: Ms. Johnson made a motion to approve the pension bond issue in the aggregate principal amount of \$14,800,000. Mr. Bronnert seconded the motion, which favorably carried 5-0.

West Noble School Corporation, Noble County: Officials requested approval of a pension bond issue in the aggregate principal amount of \$3,700,000. The tax rate impact of the bond issue is \$0.1210. The term of the bond is 19 years. The Neutrality Resolution states the Capital Projects fund and/or the Transportation funds (Bus Replacement and Operating) will be reduced in 2005 to offset the debt.

Present for the hearing was Bruce Hippensteel, Superintendent; Curt Pletcher, HJ Umbaugh and Jane Herndon and Jim Shanahan, Ice Miller.

Comments: The Superintendent spoke about the proposed pension bond issue. Officials began discussions with the teachers association. The request is for \$3.7 million and will remove all of the severance liability.

Ms. Henson asked if the term of 19 years was due to the tax rate impact and neutrality. The Superintendent said yes, they felt they could not afford the neutrality impact for a shorter term. Ms. Henson asked if officials experienced a loss of levy capacity in the transportation fund due to Senate Bill 1 passed last fall. The Superintendent replied yes. Ms. Henson asked how much was the reduction and the Superintendent said \$100,000. Ms. Henson asked if the neutrality would still be viable from the transportation fund. The Superintendent said the Bus Replacement fund would be available.

Motion: Mr. Nemeth made a motion to approve the pension bond issue in the aggregate principal amount of \$3,700,000. Ms. Johnson seconded the motion, which favorably carried 5-0.

Middlebury Community Schools, Elkhart County: Officials requested approval of a general obligation bond issue in the aggregate principal amount of \$1,985,000. Total project costs are \$1,985,000. The tax rate impact of the project is \$0.0582 with no new facility appeal planned. Common construction wage information was in order. The project falls below the threshold for a petition and remonstrance process.

Present for the hearing was Tim Ogle, Superintendent; Randy Hesser, School Attorney; Dean Illingworth, Architect; Ralph Gerhart, Municipal Finance and Jane Herndon and Jim Shanahan, Ice Miller.

Project: This project addresses one or more needs of roof replacement, parking lot improvement and resurfacing, or chiller retrofit at four corporation schools. Multiple needs are addressed at a campus containing the high school, middle school and an elementary. A road will provide egress and improve campus traffic flow. The track, tennis courts and soccer field, athletic and community recreation facilities on the campus will be improved.

Comments: The Superintendent spoke about the project. The project will address urgent facility needs and improve safety with traffic improvements. A drainage issue will also be resolved at the middle school. The general obligation bond request is for \$1,985,000.

Mr. Bronnert asked if this project was to get facilities into shape and the Superintendent replied yes, the origin of the project was to improve student safety with the road project. Mr. Bronnert asked if there is no commitment on future building projects. The Superintendent said school officials lost a petition and remonstrance process recently and have met with the remonstrators. It was determined through those discussions that student safety issues should be addressed first. Mr. Bronnert asked if these items would be duplicated in future projects. The Superintendent said no and they will be pursuing other projects soon.

Mr. Nemeth asked if all items including the roof project would be bid and the Superintendent responded yes.

Motion: Mr. Bronnert made a motion to approve the general obligation bond issue in the aggregate principal amount of \$1,985,000. Mr. Nemeth seconded the motion. Ms. Bond asked who would oversee the project prior to calling the motion to a vote. The Superintendent said they would hire someone part-time, a retired Maintenance Director from Goshen Schools. Ms. Bond called the motion for a vote, which favorably carried 5-0.

MSD of Warren Township, Marion County: Officials requested approval of a pension bond issue in the aggregate principal amount of \$14,000,000. The tax rate impact of the bond issue is \$0.0546. The term of the bond is 10 years. The Neutrality Resolution states the Bus Replacement fund will be reduced to offset the debt.

Present for the hearing was David Geise, Tim Armstrong and David Holt, School Officials; Nate Day and Tom Grabill, Educational Services and Jeff Qualkinbush, Barnes & Thornburg.

Comments: The Business Manager spoke about the proposed pension bond issue. The request is for an amount not to exceed \$14 million. The old severance plan paid \$400 per year of service, \$60 per unused sick day and single health care coverage was covered except \$1 up to age 65 years old. School officials have worked with teachers the last couple of years and the new plan includes an annual contribution by the school corporation into a 401(a) account. There will also be a VEBA account for each employee. The gross liability was estimated to be \$55 million and the present value estimate is \$33.3 million. Teachers have ratified the new plan and

the school board passed it in December 2003. This bond issue will completely eliminate the unfunded liability. The Bus Replacement fund will be reduced to offset the debt. The transportation schedule has been changed from a three-tier to a two-tier schedule and additional buses were needed to accommodate the new schedule. They also had no spare buses in the fleet. The district has grown by 1,100 students. Officials have addressed bus needs, so now they are able to take the decrease from the Bus Replacement fund.

Ms. Johnson questioned the difference in the present value of the unfunded liability and the amount of the proposed bond issue. Officials replied the agreement with teachers was for a lesser amount.

Motion: Ms. Henson made a motion to approve the pension bond issue in the aggregate principal amount of \$14,000,000. Mr. Bronnert seconded the motion, which favorably carried 5-0.

Center Grove Community School Corporation, Johnson County: Officials requested approval of a general obligation bond issue in the aggregate principal amount of \$4,600,000. Total project costs are \$6,129,600 with \$1,387,712 from the Capital Projects fund and \$141,888 from the Rainy Day fund. The tax rate impact of the bond issue is \$0.02 with no new facility appeal planned. The term of the bond is 3 years. Common construction wage does not apply to this project. There was no application for a petition and remonstrance process filed.

Present for the hearing was Jud Wolfe, Assistant Superintendent; Lonnie Therber, Therber & Brock and Jeff Qualkinbush, Barnes & Thornburg.

Project: The project is the purchase of 232.35 acres of land at the intersection of Saddle Club Road and Whiteland Road. The land will be the site of future new school construction.

Comments: The Assistant Superintendent spoke about the project. The request is for a \$4.6 million general obligation bond issue to purchase 232 acres in the southern portion of the school district. Officials expect to see growth in that area in coming years. A demographic study shows a need for another elementary school in 2006 and this would be the site for that school.

Ms. Bond asked if school officials had an agreement with the current property owner and the Assistant Superintendent replied yes.

Ms. Henson asked how much the land was per acre. The Assistant Superintendent said it was appraised at \$26,000 per acre. Ms. Henson asked if there were any homes or structures on the property and the Assistant Superintendent replied no, it is just farmland. Ms. Henson asked if this site would be anything besides an elementary school. The Assistant Superintendent said it could also have a second new elementary school, possibly a second high school if they could afford staffing or maybe an additional middle school. Ms. Henson asked if it would continue to be farmed until construction occurs and the Assistant Superintendent replied yes.

Mr. Qualkinbush noted officials would like to close the deal in March to assure the school corporation would reap the benefits of the entire rental revenue of the property.

Motion: Ms. Johnson made a motion to approve a general obligation bond issue in the aggregate principal amount of \$4,600,000. Mr. Nemeth seconded the motion, which favorably carried 5-0.

Fort Wayne Community Schools, Allen County: Officials requested approval of a pension bond issue in the aggregate principal amount of \$40,000,000. The tax rate impact of the bond issue is \$0.0467. The term of the bond is 19 years. The Neutrality Resolution states in the first year the Capital Projects fund will be reduced up to \$3.5 million and the Bus Replacement fund reduced up to \$1.5 million to offset the debt.

Present for the hearing was Kathy Friend, Chief Financial; Cathy Dinger, Assistant Financial Officer; Lynn Hall, Compensation and Benefits Manager; Stefan Pittenger, Director of Fiscal Affairs; Rod Wilson, City Securities; Doug Cassman, Educational Services and Jeff Qualkinbush, Barnes & Thornburg.

Comments: Ms. Friend spoke about the proposed pension bond issue. Officials have completed negotiations with six bargaining units. A study was completed by Nyhart and estimated a retirement expense of \$3.5 million to \$4.4 million per year. A teacher with 40 years of experience would retire with \$14,000. The proceeds of the bond issue would be used to buy-out the old plan. The new plan is a matching 401(a) if a teacher contributes to a 403(b) account. The estimated cost of this plan is \$777,000 per year, with \$600,000 paid from the General fund. Officials will annually negotiate the percentage of the matching contribution each year. The neutrality will come from two funds, \$3.5 million from the Capital Projects fund and \$350,000 from Bus Replacement. The school board will evaluate the neutrality issue each year. The bond will be financed through the Indiana Bond Bank.

Ms. Bond asked how much they currently spend from the General fund to cover retirement expenses. Ms. Fried replied \$1.6 million out of the General fund. Officials expect to save around \$1 million in the General fund.

Motion: Ms. Johnson made a motion to approve a pension bond issue in the aggregate principal amount of \$40,000,000. Mr. Nemeth seconded the motion, which favorably carried 5-0.

School City of Mishawaka, St. Joseph County: Officials requested approval of a lease rental agreement with maximum annual payments of \$1,207,000 for 20 years. Total project costs are \$14,000,000. The tax rate impact is approximately \$0.1439 based on the 2002 pay 2003 assessed value with no new facility appeal planned. Common construction wage information was in order. There was no application for a petition and remonstrance process filed.

Present for the hearing was Steve Mills, Superintendent; Randy Squadroni, Assistant Superintendent; Ralph Gerhart, Financial Advisor; Randy Ruhl, City Securities and Jeff Qualkinbush, Barnes & Thornburg.

Project: Mishawaka High School:

- Renovate the Auditorium, main area and stadium restrooms.
- Purchase loose equipment.

- New chiller.
- Improvements to the tennis courts and swimming pool.

Emmons Elementary School:

- Renovate Kindergarten/Reading Recovery rooms.
- Purchase home/parking lot.
- Elevator.
- Window replacement.

Hums Elementary School:

- Parking lot.

Battel Elementary School:

- New gym floor.
- New dining room tables.

Twin Branch Elementary School:

- Storage building.

Comments: The Superintendent spoke about the project. The proposed lease issue is for renovations at several sites.

The Business Manager continued the presentation. This project represents the third phase of a master facility plan. Officials have discussed this project at several public meetings. There were no negative comments voiced at any of the meetings and no petitions filed opposing the project. The term of the lease will not exceed twenty years. They will begin making payments in 2005 to reduce the capitalized interest. Officials expect the debt service rate to be less than the 2003 debt service tax rate since two other debts will be paid off. The tax rate impact of the project on the General fund will be zero.

Ms. Henson asked what the tax rate impact of this project would be and the Business Manager replied zero since two debts will be paying off. Ms. Henson asked if taxpayers were given a tax rate impact of the project. School officials said it was reported at the 1028 hearing. Mr. Gerhart stated it verbally and on his presentation projected on a screen. Mr. Qualkinbush believed it was stated orally at the 1028 hearing. Ms. Henson explained her belief there is a tax rate impact to a project even when other debt is paying off. A tax rate impact was calculated by school officials of \$0.22 based on 2001 pay 2002 assessed value. The Superintendent stated they try to maintain a level debt service tax rate so taxpayers do not see large fluctuations in their property tax bills.

Mr. Nemeth asked if school officials expect to use bond insurance. Mr. Gerhart said he always checks with the underwriter to see if it is cost effective, but it usually is beneficial. Mr. Qualkinbush continued that as the State of Indiana's bond rating has decreased, so have school corporations'. The control board may see more issues including bond insurance in the future.

Motion: Mr. Bronnert made a motion to approve the lease rental agreement with maximum annual payments of \$1,207,000 for 20 years. Mr. Nemeth seconded the motion, which favorably carried 5-0.

Paoli Community School Corporation, Orange County: Officials requested approval of a lease rental agreement with maximum annual payments of \$19,725 for 5 years. Total project costs are \$91,450. The tax rate impact of the project is \$0.0061 with no new facility appeal to be filed. Common construction wage does not apply to the project. The project falls below the threshold for a petition and remonstrance process.

Present for the hearing was Dr. Al Sibbitt, Superintendent and Vic Combs, Assistant Superintendent.

Project: This construction project consists of the installation of new sports lighting, poles and underground wiring at the Paoli Junior-Senior High School football field/track facility.

Comments: The Superintendent spoke about the project. The wooden poles and lighting at the football field were installed in the 1960's. School officials had them inspected and they were advised to replace them. The school attorney advised officials they could do this through the lease purchase mechanism. The attorney also advised that a 1028 hearing and control board approval were not required per I.C. 21-2-4-2. The lights have already been replaced. Officials advertised and held the public hearing after the fact. The first payment is due in June 2004. They request a debt service levy for 2003 pay 2004 since the assessed values have not been certified by the Orange County Auditor and the DLGF has not certified the tax rates yet. The annual payments are \$19,402 for a term of five years. The total project cost is \$91,000. They have one of the lowest school tax rates in the state. The Superintendent said he assumed the opinion of the school attorney was correct.

Ms. Henson asked if any lease payments have been made. The Superintendent replied no, the first payment is due in June 2004. If they are not approved, they will have to make the payment out of the General fund. The total tax rate impact is less than \$0.01.

Ms. Johnson asked what was being leased. The Superintendent said the poles and light fixtures. After five years, they will own the equipment. The Superintendent noted the Capital Projects fund is limited to 5% of the tax levy and is not enough to cover the payments. The school board and school officials are very tax rate conscious. The Superintendent apologized for not coming sooner, but he took the advice of their attorney.

Ms. Henson asked if the school corporation only had two buildings. The Superintendent said yes, an elementary school with 900 students and a Jr./Sr. high school with 800 students.

Mr. Nemeth asked if officials bid the projects. The Superintendent said the project was bid. Mr. Nemeth asked what would officials do if they were denied a debt service levy. The Superintendent said they would pay it out of the General fund. It was the intent of the school board that this would be paid from the Debt Service fund.

Motion: Mr. Nemeth made a motion to approve a lease rental agreement with maximum annual payments of \$19,726 for 5 years. Mr. Bronnert seconded the motion, which favorably carried 5-0.

Adjournment: There was no further business to discuss and the meeting was adjourned.